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December 18, 2009

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**VIA ECFS**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: Response to General Information Request  
Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless  
for Consent to Assign or Transfer Control of Licenses and Authorizations  
and to Modify a Spectrum Leasing Arrangement, WT Docket No. 09-104

**REDACTED – FOR PUBLIC INSPECTION**

Dear Ms. Dortch:

In accordance with the Protective Orders in this proceeding,<sup>1</sup> attached please find a copy of the redacted version of Verizon Wireless' response to the Wireless Telecommunications Bureau's General Information Request, dated November 19, 2009.

The Applicants are also filing today, under separate transmittal, one copy of the highly confidential version of this response and one copy of the confidential version of this response with the Office of the Secretary. In addition, two copies of this redacted version, two copies of the highly confidential version, and two copies of the confidential version are being hand-delivered to Kathy Harris of the Wireless Telecommunications Bureau.

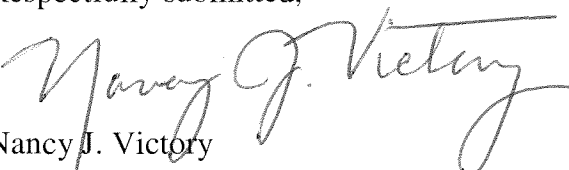
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<sup>1</sup> *Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, WT Docket No. 09-104, Protective Order, DA 09-2446 (WTB rel. Nov. 19, 2009) ("Protective Order"); *Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, WT Docket No. 09-104, Protective Order, DA 09-2601 (WTB rel. Dec. 16, 2009) ("Second Protective Order").

Ms. Marlene H. Dortch  
December 18, 2009  
Page 2

Please contact the undersigned counsel for Verizon Wireless should you have any questions regarding this submission or should you require additional information.

Respectfully submitted,

  
Nancy J. Victory

cc: Ruth Milkman  
Kathy Harris  
Stacy Ferraro

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Applications of AT&T Inc. and Verizon	)	WT Docket No. 09-104
Wireless	)	
	)	
For Consent to the Assignment or Transfer	)	
of Control of Licenses and Authorizations	)	
and to Modify a Spectrum Leasing	)	
Arrangement	)	
	)	
	)	
	)	
	)	

**RESPONSE OF VERIZON WIRELESS  
TO THE WIRELESS TELECOMMUNICATIONS  
BUREAU'S NOVEMBER 19, 2009  
GENERAL INFORMATION REQUEST**

December 18, 2009

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**RESPONSE OF VERIZON WIRELESS  
TO THE WIRELESS TELECOMMUNICATIONS  
BUREAU'S NOVEMBER 19, 2009  
GENERAL INFORMATION REQUEST**

**I. Introduction**

Cellco Partnership d/b/a Verizon Wireless (“Verizon Wireless”) hereby provides the information requested in the November 19, 2009 letter from Ruth Milkman, Chief of the Wireless Telecommunications Bureau and the attached General Information Request, also dated November 19, 2009. The following pages restate the Bureau’s questions and provide Verizon Wireless’ response in narrative or tabular form, as appropriate. Please note that the following pages do not contain answers to all of the Bureau’s questions; AT&T Inc. (“AT&T”) is filing responses to the remaining questions under separate cover. Where specific documents are requested to be produced, Verizon Wireless has attached those documents.

Verizon Wireless’ responses are based on a review of available documents reasonably likely to contain responsive information and inquiry of those individuals and available sources reasonably likely to have relevant information. In some cases, Verizon Wireless and Bureau staff have agreed to limit the scope of its response to a given question. In those cases, Verizon Wireless’ response notes that agreement and defines the reduced scope of the response.

In light of the information, data, and documents sought by the Commission, much of the narrative, exhibits, and submitted documents contain material that is extremely sensitive, from a commercial, competitive and financial perspective, that Verizon Wireless (as well as its financial advisor, Morgan Stanley & Co. Incorporated) would not, in the normal course of its business, reveal to the public or its competitors. Where appropriate, therefore, much material is being submitted on a confidential basis pursuant to the First Protective Order and Second Protective

Order in this proceeding.<sup>1</sup> The highly confidential, unredacted submission is marked “*HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 09-104 before the Federal Communications Commission – COPYING PROHIBITED.*” A version of the response redacting the confidential information and available to the public is being filed electronically via ECFS.

Consistent with the First Protective Order and Second Protective Order, Verizon Wireless expects prompt notification of any “Acknowledgment of Confidentiality” submitted by any person seeking access to the confidential, unredacted material. Verizon Wireless also requests the return of all confidential material at the conclusion of this proceeding.

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<sup>1</sup> *Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, WT Docket No. 09-104, Protective Order, DA 09-2601 (WTB rel. Dec. 16, 2009) (“Second Protective Order”); *Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, WT Docket No. 09-104, Protective Order, DA 09-2446 (WTB rel. Nov. 19, 2009) (“Protective Order”).

## **II. Questions Regarding the Networks to Be Acquired**

*Page 13 of the Public Interest Statement in the Application states that “AT&T will be able to integrate quickly ALLTEL’s GSM network with its own, and AT&T will overbuild the divested CDMA networks to GSM to enable a smooth migration of these customers to GSM.” The Joint Opposition, on Page 12, states that “AT&T has significant experience in transitioning customers from one technology to another” and that “AT&T will have customer policies in place to facilitate the transition and ensure that the transition is seamless and without interruption to service.” The Applicants also state, on page 14 of their Public Interest Statement, that the proposed transaction will improve 3G networks in rural areas.*

### **QUESTION II.1.**

1. *By CMA, list the Divestiture Markets where the network to be acquired is GSM. In addition, identify the technology of the network, including whether it has been upgraded to 3G.*

### **RESPONSE TO QUESTION II.1.:**

The following Divestiture Markets have GSM networks, which serve only roaming customers:

<u>Market</u>	<u>CMA</u>	<u>Market</u>	<u>CMA</u>	<u>Market</u>	<u>CMA</u>
Fargo	221	Montana 1	523	Utah 3	675
Sioux City	253	Montana 2	524	Utah 4	676
Sioux Falls	267	Montana 4	526	Utah 5	677
Billings	268	Montana 5	527	Utah 6	678
Grand Forks	276	Montana 6	528	Wyoming 1	718
Rapid City	289	Montana 7	529	Wyoming 2	719
Great Falls	297	Montana 8	530	Wyoming 4	721
Bismarck	298	Montana 9	531	Wyoming 5	722
Casper	299	Montana 10	532		
California 6	341	Nevada 2	544		
Colorado 4	351	Nevada 5	547		
Colorado 5	352	New Mexico 6	558		
Colorado 7	354	North Dakota 1	580		
Colorado 8	355	North Dakota 2	581		
Colorado 9	356	North Dakota 3	582		
Iowa 8	419	North Dakota 4	583		
Kansas 1	428	North Dakota 5	584		
Kansas 2	429	South Dakota 1	634		
Kansas 6	433	South Dakota 2	635		
Kansas 7	434	South Dakota 3	636		
Kansas 11	438	South Dakota 4	637		
Kansas 12	439	South Dakota 5	638		
Kansas 13	440	South Dakota 6	639		
Minnesota 1	482	South Dakota 7	640		
Minnesota 2	483	South Dakota 8	641		
		South Dakota 9	642		

Every Divestiture Market listed offers [REDACTED]

**QUESTION II.2.**

2. *By CMA, list the Divestiture Markets where the network to be acquired is CDMA. In addition, identify the technology of the network, including whether it has been upgraded to 3G.*

**RESPONSE TO QUESTION II.2.:**

Every CMA in the Divestiture Markets offers [REDACTED]

**QUESTION II.5.a.v.**

5. *Does AT&T plan to transition the Divestiture CDMA Network to a GSM network, or does it plan to operate the Divestiture CDMA Network?*
- a. *If it plans to transition the Divestiture CDMA Network to a GSM network, provide the following information:*
- v. *How many Divestiture CDMA Network Subscribers (in POPs) will be affected by the transitioning of the Divestiture CDMA Network?*

**RESPONSE TO QUESTION II.5.a.v.:**

As of 12/31/08, there were [REDACTED] CDMA customers in the Divestiture Markets that would be affected.

**V. Questions for AT&T Regarding Service, Rate Plans, and Handsets**

**QUESTION V.A.4.**

- A. *On Page 15 of the Public Interest Statement, the Applicants state that the Divestiture Customers in the affected CMAs will have access to diverse rate plans with better features than are currently available to them.*

...

4. *To what types of rate plans do the Divestiture Customers currently have access?*

**RESPONSE TO QUESTION V.A.4:**

Since the close of the Verizon Wireless/Alltel transaction, the Divestiture Assets have been managed independently by a Management Trustee, as required by the Commission and the Department of Justice. It is the parties' understanding that Divestiture Customers have access to rate plans generally similar to those that were offered by Alltel Corporation ("Alltel") and RCC, respectively, in the period before the Management Trustee assumed responsibility for the Divestiture Assets. In areas where the Alltel business unit is being divested, customers have access to family plans, national plans, local plans, Smart Choice rate plans designed for smartphones, wireless internet plans, wi-fi plans, and prepaid plans.<sup>2</sup>

In areas where the former RCC business unit is being divested,<sup>3</sup> customers have access to rate plans offered by UniceL. According to UniceL's website,<sup>4</sup> customers in the RCC Divestiture Markets can choose from several national, regional, unlimited, data, or month-to-month plans. A number of these plans include the option to add additional lines. Divestiture Customers in these markets also have access to certain state-specific plans, as explained further below.

In those areas where the Verizon Wireless business unit is being divested,<sup>5</sup> Divestiture Customers have access to national, family, unlimited, pre-paid,<sup>6</sup> and data plans.

- 
- a. *Do they have access to both nationwide and regional rate plans?*

**RESPONSE TO QUESTION V.A.4.a.:**

According to the Management Trustee, plans available in the Alltel Divestiture Markets include various national plans as well as Greater Freedom regional plans which typically include a one to three state coverage area.

Divestiture Customers in Kansas and Minnesota receiving service through UniceL also have access to both nationwide and regional rate plans, according to information on UniceL's website. In addition to its basic regional plans, UniceL offers state-specific service plans such as

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<sup>2</sup> See Alltel Wireless, <http://www.shopalltel.com> (last visited Nov. 25, 2009).

<sup>3</sup> These markets are MN-7, MN-8, MN-9, MN-10, KS-1, KS-2, KS-6, KS-7, KS-11, KS-12, and KS-13.

<sup>4</sup> See UniceL Service Plans, <http://www.uniceL.com/shop/plans/regional> (last visited Nov. 25, 2009).

<sup>5</sup> These markets are MN-7, NE-5, MI-5, and MI-7.

<sup>6</sup> See Verizon Wireless, <http://www.verizonwireless.com/b2c/index.html> (last visited Nov. 25, 2009).



the Community Connections Plan in Kansas, a Community Connections Plan for residents of Minnesota, South Dakota, and North Dakota, and a Bundled Unlimited Universal Service Offering available only to residents of Minnesota.

Customers in Verizon Wireless Divestiture Markets have access to nationwide plans but not regional plans.

- b. *Do the regional plans vary by location?*

**RESPONSE TO QUESTION V.A.4.b.:**

The regional plans for customers in the Divestiture Markets vary by location. In the Alltel Divestiture Markets, the Greater Freedom plans usually consist of a multi-state coverage area surrounding the home market. As stated above, Unice! plans in the RCC Divestiture Markets vary by location; there are specific special plans offered only to residents of particular states. Customers in Verizon Wireless Divestiture Markets do not have access to regional plans.

- c. *Does the Trustee offer family plans or data-only plans, and are they offered over the entire service area?*

**RESPONSE TO QUESTION V.A.4.c.:**

According to the Management Trustee, customers in the Alltel Divestiture Markets have access to both family plans and data-only plans which are used for air cards. There are no data-only plans for phones in these areas. Family plans are available either over the local Greater Freedom coverage area or in the National Freedom coverage area.

Customers in the RCC Divestiture Markets are able to add additional lines to certain of Unice!'s nationwide and local plans. The data-only plans are used for air cards and there are no data-only plans for phones.

Customers in the Verizon Wireless Divestiture Markets have access to family plans. Data plans include a nationwide messaging plan with no voice minutes (for phones), as well as several mobile broadband plans for USB modems, PC cards, ExpressCards, MiFi 2200, notebooks, and netbooks.

**QUESTION V.B.1.**

- B. *On page 16 of the Public Interest Statement, the Applicants state that AT&T will be able to offer the Divestiture Customers a variety of features that the Trust does not offer.*

1. *How many handset/device models have been available to Divestiture Customers and which technologies (e.g., EVDO) do they support?*

**RESPONSE TO QUESTION V.B.1.:**

See Exhibit V.B.1.

**VI. Questions for Verizon Wireless and Morgan Stanley Regarding the Bidding Process**

Verizon Wireless and its financial advisor, Morgan Stanley, conducted an open bidding process, specifically involved and encouraged minority and socially disadvantaged businesses in that process,<sup>7</sup> and made efforts to include such entities at each stage, just as the Commission suggested it do in the *Verizon Wireless/ALLTEL Order*.<sup>8</sup> Over 70 individual parties were involved in the bidding process, including a number of smaller, rural operators, state-level carriers and financial buyers, as well as four minority-owned bidder groups and one regional consortium that included a financial sponsor that typically has sought to partner with minority-owned entities and management teams. As described in the Joint Opposition,

while the process was open to all, Verizon Wireless and Morgan Stanley took additional steps to encourage participation by minority and socially disadvantaged groups at every stage of the process, including, in some instances, undertaking actions or giving considerations not provided to other bidders, like relaxing the bid timelines or other procedural requirements. . . . The fact that a minority or socially disadvantaged business ultimately was not selected as the purchaser for these assets does not negate the open and inclusive process that was used to conduct the divestiture sale. . . . In the end, Verizon Wireless chose two entities with experience operating wireless businesses, which Verizon Wireless believed would enhance the acceptability of the buyers to the government, and with the financial resources necessary to ensure that the proposed transaction would be timely consummated, as required by the Final Judgment and Modified Final Judgments and the *Verizon Wireless/ALLTEL Order*.<sup>9</sup>

Verizon Wireless has already demonstrated that it responded to the Commission's encouragement to involve minority and socially disadvantaged businesses in the bidding process.

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<sup>7</sup> Verizon Wireless is committed to doing business with small and minority-owned telecommunications companies and, in fact, earlier this year announced a spectrum swap with NEATT Wireless, LLC, a minority-owned and operated facilities-based wireless provider. Press Release, Verizon Wireless, "Verizon Wireless and NEATT Wireless Sign Agreement to Swap Spectrum in Nine Arkansas Counties" (Aug. 14, 2009), *available at* <http://news.vzw.com/news/2009/08/pr2009-08-14k.html>.

<sup>8</sup> *Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444 (2008) ("*Verizon Wireless/ALLTEL Order*").

<sup>9</sup> Joint Opposition of AT&T Inc. and Verizon Wireless to Petitions to Deny or to Condition Consent and Reply to Comments, WT Docket 09-104, 24-26 (July 30, 2009) ("Joint Opposition").

It objects to the questions and requests in Section VI as they are wholly outside of the Commission's jurisdiction, irrelevant to the proposed transaction, and raise grave constitutional questions.

**Verizon Wireless Was Under No Obligation to Sell the Divestiture Assets to a Particular Type of Entity.**

As an initial matter, Verizon Wireless was not under any binding legal obligation to sell the divestiture assets to a certain type of entity or to involve specific types of entities in the bidding process. Indeed, the *Verizon Wireless/ALLTEL Order* specifically rejected calls for a condition that would require Verizon Wireless to pick a certain type of buyer for its divestiture properties.<sup>10</sup> The FCC merely *encouraged* Verizon Wireless to consider certain categories of buyers, but this was a suggestion, *not* a requirement.<sup>11</sup> The Commission has no authority to investigate or enforce a mere suggestion.

**Section 310(d) Prohibits the Commission from Considering Other Buyers.**

Further, as Verizon Wireless and AT&T explained in their Joint Opposition,<sup>12</sup> Section 310(d) of the Communications Act explicitly prohibits the Commission from considering whether a different buyer would better serve the public interest.<sup>13</sup> The Commission also has repeatedly determined that it may not consider whether sale to a different buyer would be preferable when determining whether an application for transfer of licenses serves the public interest.<sup>14</sup>

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<sup>10</sup> *Id.* at 17518 (¶ 162) (“We decline to place any conditions on the sale of the Divestiture Assets based on (1) the size, ownership structure, or business plan of the acquirer, or (2) the size of the geographic areas that the Divestiture Areas can be sold to an acquirer.”).

<sup>11</sup> *Id.* (emphasis added) (“[W]e *encourage* Verizon Wireless to consider and implement mechanisms to assist regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups in acquiring the Divestiture Assets and/or accessing spectrum, *to the extent possible*.”).

<sup>12</sup> See Joint Opposition at 19.

<sup>13</sup> 47 U.S.C. § 310(d) (“[I]n acting [on an assignment or transfer of control application,] the Commission may not consider whether the public interest, convenience and necessity might be served by the transfer, assignment, or disposal of the permit or license to a person other than the proposed transferee or assignee.”).

<sup>14</sup> See, e.g., *Applications of Craig O. McCaw & Am. Tel. & Tel. Co. for Consent to the Transfer of Control of McCaw Cellular Commc'ns, Inc. & Its Subsidiaries*, Memorandum Opinion and Order, 9 FCC Rcd 5836, ¶¶ 149-150 (1994), *aff'd sub nom. SBC Commc'ns Inc. v. FCC*, 56 F.3d 1484 (D.C. Cir. 1995) (rejecting NABOB's argument that the FCC cannot approve an assignment application without “a demonstration from the applicants that efforts were made to sell the McCaw-controlled television stations to minority-owned companies”); *Applications for Consent to the Assignment &/or Transfer of Control of Licenses Adelphia Commc'ns Corp. (& Subsidiaries, Debtors-In-Possession) to Time Warner Cable Inc. (Subsidiaries)*, Memorandum Opinion and Order, 21 FCC Rcd 8203, ¶ 285 (2006) (noting that “the Commission must examine whether the transactions before it will serve the public interest without regard to other possible transactions”); *MCI Commc'ns Corp. & S. Pac. Telecomms. Co. for Consent to*

Accordingly, the Commission's requests for information regarding other bidders, the extent to which they participated in the bidding process, the bids they offered, and why the proposed buyer was selected over other bidders are barred by Section 310(d).

**The Equal Protection Component of the Due Process Clause of the Fifth Amendment Prevents the Commission from Imposing or Enforcing a Race- or Gender-Based Divestiture Requirement.**

Finally, the Commission did not indicate that it would consider whether the chosen buyer was a minority or women-owned or small buyer in its review of these applications.<sup>15</sup> To the contrary, the Commission indicated that "the qualifications of the entity(ies) acquiring the Divestiture Assets and whether the specific transaction is in the public interest will be evaluated when an application is filed seeking the Commission's consent to the transfer or assignment of the Divestiture Assets."<sup>16</sup> This statement simply reiterates the Commission's obligations in reviewing a proposed transaction. It does not expand the Commission's review to include alternative buyers. Indeed, the Equal Protection component of the Due Process Clause of the Fifth Amendment prevented the Commission from imposing a race- or gender-based divestiture requirement in the merger order and similarly prevents the Commission from purporting to enforce any such requirement in the present license transfer proceeding.<sup>17</sup> The Constitution even precludes the Commission from placing "official pressure" on regulated entities to take race-based action as part of the license transfer review process by threatening an "investigation" for failure to meet an impermissible standard, as the information request plainly does.<sup>18</sup>

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*Transfer Control of Qwest Commc'ns, Inc.*, Memorandum Opinion and Order, 12 FCC Rcd 7790, ¶ 29 (1997) (citing Section 310(d) and noting that "in the instant transfer proceeding, the Commission was precluded by statute from considering competing, third-party applications").

<sup>15</sup> See Reply to Opposition to Petition to Deny of Chatham Avalon Park Community Council, Docket No. 09-104, at 5-7 (filed Aug. 11, 2009) (claiming that the Commission indicated in the *Verizon Wireless/ALLTEL Order* that it would consider whether the proposed buyer of this spectrum would promote diverse ownership of spectrum when the applications were filed).

<sup>16</sup> *Verizon Wireless/ALLTEL Order* at ¶ 162.

<sup>17</sup> See *Lutheran Church-Missouri Synod v. FCC*, 154 F.3d 487 (D.C. Cir. 1998 (striking down, under Fifth Amendment, FCC guidelines regarding affirmative action efforts required for license renewal); see generally *Adarand Constructors, Inc. v. Peña*, 515 U.S. 200 (1995) (applying strict scrutiny to federal affirmative action programs); *Berkley v. United States*, 287 F.3d 1076, 1081-82 (Fed. Cir. 2002), citing *Adarand*, 515 U.S. at 224 (noting that "any person, of whatever race, has the right to demand that any governmental actor subject to the Constitution justify any racial classification subjecting that person to unequal treatment under the strictest judicial scrutiny.")).

<sup>18</sup> See *MD/DC/DE Broadcaster's Ass'n v. FCC*, 236 F.3d 13 (2001) (striking down, under Fifth Amendment, FCC rule requiring broadcast licensees to show certain number of employment applications received from minorities and women based on outreach efforts or face further investigation); *id.* at 19 (explaining that "[a] regulatory agency may be able to put pressure upon a regulated firm in a number of ways, some more subtle than others.").

For all these reasons, the only legally permissible and relevant inquiry to the proposed transaction is whether the proposed buyer is qualified to hold the relevant licenses and whether the proposed transaction will serve the public interest, not whether Verizon Wireless should have chosen a different buyer or a buyer of a particular race or gender or whether Verizon Wireless appropriately considered alternative buyers.

Without waiving these objections, Verizon Wireless provides the following responses to the FCC's questions.

## **RESPONSE TO QUESTION VI.**

### **QUESTION VI.A.**

- A. *On page 21 of their Joint Opposition, the Applicants state that the Commission encouraged Verizon Wireless to "consider and implement mechanisms to assist regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups in acquiring the Divestiture Assets and/or accessing spectrum, to the extent possible." (Emphasis removed.) On page 22, the Applicants assert that an example of the efforts Verizon Wireless made to have an inclusive sales process involved Verizon Wireless reaching out to the Minority Media Telecommunications Council ("MMTC"), which identified two potential bidders. On page 23, the Applicants state that Morgan Stanley sent a Preliminary Overview of the Divestiture Assets and a non-disclosure agreement to a large variety of prospective buyers, including minority and socially disadvantaged firms. The Applicants also explain the additional steps Verizon Wireless took to encourage participation by minority and socially disadvantaged bidders at the various stages of the bidding process on pages 24-25 of their Joint Opposition.*
1. *Please provide a copy of the bid procedures, a draft acquisition agreement, draft transition services agreement, draft roaming agreement and auditable financials provided to prospective bidders by Morgan Stanley.*

### **RESPONSE TO QUESTION VI.A.1.:**

Documents responsive to this request are attached at Exhibit VI.A.1. With the exception of the financial statements for the Verizon Wireless Divestiture Markets, which were audited by Deloitte, the financial statements provided to all bidders were marked "Draft" since they were considered to be in auditable condition, but were unaudited as of the date they were provided to the bidders.

2. *Other than Verizon Wireless reaching out to MMTC to identify potential bidders that are minority-owned, did Verizon Wireless or Morgan Stanley take any other steps to identify potential bidders that are minority-owned? If yes, explain*

*whether it was Verizon Wireless or Morgan Stanley that made the contact, the party contacted, and the results.*

**RESPONSE TO QUESTION VI.A.2.:**

Based upon their collective prior experience in the wireless M&A space, Verizon Wireless and Morgan Stanley began to identify potential minority-owned bidders prior to the launch of the sales process in September 2008. As a result of Verizon Wireless' outreach to MMTC, David Honig, Executive Director of MMTC, identified [REDACTED] as minority-owned entities that may be interested in the properties. At the time Mr. Honig identified these groups, both were already participants in the process, having signed a confidentiality agreement and received detailed financial and operating data on the divestiture assets. The following minority-owned entities participated in the sale process -- [REDACTED]

[REDACTED]. Each of them initiated contact with Verizon Wireless or Morgan Stanley.

3. *From what source(s) did Morgan Stanley prepare the list of prospective buyers to send the Preliminary Overview of the Divestiture Assets and a non-disclosure agreement?*

**RESPONSE TO QUESTION VI.A.3.:**

In general, Verizon Wireless and Morgan Stanley prepared a list of prospective buyers based on Morgan Stanley's experience in the wireless communications industry and the telecommunications industry more broadly, as well as based on guidance from Verizon Wireless. In addition, as noted in response to Question VI.A.5. below, Verizon Wireless specifically requested that Morgan Stanley include alternatives to expected strategic buyers to broaden the base of potential buyers. In order to ensure broad participation in the sales process, Verizon Wireless and Morgan Stanley spent significant time identifying such potential bidders and reaching out to various persons and groups to identify additional potential bidders, such as described in response to Question VI.A.5.

4. *Did potential purchasers contact Morgan Stanley or Verizon Wireless directly with inquiries to participate in the auction? If so, please provide a list of all such contacts from each of Morgan Stanley and Verizon Wireless.*

**RESPONSE TO QUESTION VI.A.4.:**

Yes. Based on available records, Exhibit VI.A.4 lists the potential bidders that contacted Verizon Wireless or Morgan Stanley directly.

5. *Did Morgan Stanley attempt to identify potential bidders that are regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups? If yes, explain Morgan Stanley's efforts.*

**RESPONSE TO QUESTION VI.A.5.:**

Yes. Verizon Wireless specifically requested that Morgan Stanley include alternatives to expected strategic buyers to broaden the base of potential buyers, and at no time directed Morgan Stanley to limit the field of possible buyers. In order to ensure broad participation in the sales process, Verizon Wireless and Morgan Stanley spent significant time identifying such potential bidders. For example, Verizon Wireless and Morgan Stanley attempted to identify regional wireless carriers and local exchange carriers (ILECs and RLECs) with overlapping or adjacent territories to the divestiture properties, as well as wireless entrepreneurs and minority-owned bidding groups that had experience in similar markets or operated in markets nearby (whether they were in the wireless communications business or not). Verizon Wireless and Morgan Stanley also attempted to engage with consortia representing rural providers (such as the National Rural Telecommunications Cooperative, as well as groups of local exchange carriers in the northwest United States, where many of the properties to be divested are located) to encourage their participation either individually or together with other such providers. Verizon Wireless and Morgan Stanley also agreed to meet with one such bidding group (a consortium of rural local exchange carriers in the Dakotas and Montana) prior to the formal launch of the sale process at the bidding group's request. As noted previously, Verizon Wireless also reached out to MMTC for their suggestions about potential minority-owned bidders.

6. *Identify the parties that received the Preliminary Overview of the Divestiture Assets and nondisclosure agreement that are regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups, by type.*

**RESPONSE TO QUESTION VI.A.6.:**

Exhibit VI.A.6. lists the potential bidders that received the Preliminary Overview of the Divestiture Assets and nondisclosure agreement that are regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups.

**QUESTION VI.B.**

- B. *In paragraph 5 of Mr. Bartlett's Declaration attached to the Applicants' Joint Opposition, Mr. Bartlett describes the participation of four "minority-owned bidder groups and a regional consortium which included a financial sponsor that typically has sought to partner with minority-owned entities and management teams."*

**REDACTED – FOR PUBLIC INSPECTION**

1. *Identify the four minority-owned bidder groups and regional consortium that Mr. Bartlett refers to in paragraph five. If there were any other minority-owned bidders that participated, identify them.*

### RESPONSE TO QUESTION VI.B.1.:

The four minority-owned bidding groups were

following members:

the regional consortium, was made up of the

with whom

worked was

with whom [REDACTED] worked was [REDACTED].<sup>19</sup> To the best of Verizon Wireless' knowledge, no other minority-owned entities participated in the process.

2. *Identify all other bidders that participated in the bidding process that are regional, local, or rural wireless providers, a new entrant, small business, or otherwise owned by a socially disadvantaged group.*

**RESPONSE TO QUESTION VI.B.2.:**

See Exhibit VI.A.6.

3. *For each bidder listed in items one and two, provide a detailed explanation of each bidder's participation in the bidding process. For example, explain whether they signed the non-disclosure agreement; whether they were granted access to the online data room to conduct due diligence and conducted due diligence; whether they submitted preliminary indications of interest; whether Morgan Stanley and/or Verizon Wireless met with bidders and if so, describe the discussions and submit any presentations made to the bidders; and whether they submitted an initial bid and a final bid.*

**RESPONSE TO QUESTION VI.B.3.:**

See Exhibit VI.A.6.

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executed its own non-disclosure agreement and ended up partnering with



4. *Provide copies of any and all correspondence with the bidders identified in item one, including, but not limited to, the final bid correspondence described in paragraph 12 of Mr. Bartlett's declaration. Include any and all documentation relating to Morgan Stanley "proactively reaching out" and providing "geographical guidance" to the referenced minority-owned bidder that dropped out of the bidding process in paragraph 10 of Mr. Bartlett's declaration.*

**RESPONSE TO QUESTION VI.B.4.:**

Documents responsive to this request are attached at Exhibit VI.B.4. Many of the communications between Verizon Wireless and Morgan Stanley and the bidders identified in item one occurred orally. In addition, the remarks referenced in paragraph 10 of Mr. Bartlett's declaration refer to the [REDACTED] and those communications generally occurred orally.

Pursuant to an agreement with the Bureau staff, the search for responsive correspondence was limited to the files of individuals at Morgan Stanley, Verizon Wireless and Verizon reasonably likely to have had correspondence with the bidders identified in item one regarding the bidding process (specifically Christopher Bartlett and Todd Wagner at Morgan Stanley; Steven Zipperstein, Molly Feldman, John Schreiber, Stephen Linskey and Steven Jackman at Verizon Wireless; and Ivan Seidenberg, John Dierksen and John Fitzgerald at Verizon Communications). The search was further limited to correspondence sent by or to the principal representatives of these bidders [REDACTED]

[REDACTED] during the period July 1, 2008 to June 15, 2009. Responsive correspondence was limited to correspondence discussing the bidding process, bidding procedures and/or the structure and nature of the bids. Finally, pursuant to an agreement with the Bureau staff with respect to the response to this question only, attachments to the emails are not being produced as they generally are being produced in response to other questions or are not relevant to the divestiture process inquiry.

5. *If any of the bidders listed in item one determined not to participate at any point in the bidding process, identify them. If they discussed their reasons with Verizon Wireless or Morgan Stanley for ceasing to participate, identify their reasons for not participating by bidder and submit any written correspondence with that bidder that supports that understanding.*

**RESPONSE TO QUESTION VI.B.5.:**

See Exhibit VI.B.5. Pursuant to an agreement with the Bureau staff, the search for responsive correspondence was limited as noted in response to Question VI.B.4.

QUESTION VI.C.

- C. *In paragraph 14 of Mr. Bartlett's Declaration, Mr. Bartlett states that "a number of smaller, non-operator bidders, including minority-owned entities, requested multi-year transition service agreements or long-term commercial and operating relationships with Verizon Wireless."*
1. *Identify the minority-owned bidders discussed in this paragraph.*

RESPONSE TO QUESTION VI.C.1.:

The minority-owned bidders that requested multi-year transition service agreements that are referred to in paragraph 14 of Mr. Bartlett's Declaration are the [REDACTED]

2. *For each bidder listed in item one, identify those bidders that requested multi-year transition services agreements, the types of services to be covered, and the number of years requested for each service type.*

RESPONSE TO QUESTION VI.C.2.:

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>20</sup> See [REDACTED]  
[REDACTED] (both attached at Exhibit VI.C.4.).

<sup>21</sup> See [REDACTED] (attached at Exhibit VI.C.4.).

<sup>22</sup> See [REDACTED] (attached at Exhibit VI.C.4.).

3. *For each bidder listed in item one, identify those that requested long-term operating relationships, including the type of relationship and the number of years requested.*

**RESPONSE TO QUESTION VI.C.3.:**

See response to Question VI.C.2. In this case, transition services and operating services are similar, if not interchangeable, terms.

4. *Provide any and all correspondence from these bidders that supports your responses to questions one through three.*

**RESPONSE TO QUESTION VI.C.4.:**

Documents responsive to this request are attached at Exhibit VI.C.4. Pursuant to an agreement with the Bureau staff, the search for responsive correspondence was limited as noted in response to Question VI.B.4.

**QUESTION VI.D.**

- D. *In paragraph 15 of Mr. Bartlett's Declaration, Mr. Bartlett states that "[a] number of the bids submitted by smaller, non-operator bidders, including minority-owned entities, lacked funding commitments or were based on financing that was not committed by a lending institution or otherwise was not guaranteed."*
  1. *Identify the regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups that submitted bids, whether or not they included funding commitments, what type of funding commitment (e.g., lending institution), and whether or not those funding commitments were satisfactory for their bids to be considered viable.*

**RESPONSE TO QUESTION IV.D.1:**

See Exhibit VI.A.6.

Of these entities, only Atlantic Tele-Network (initially interested in divestiture assets in only two states, and subsequently those in the six states not included in the sale to AT&T) and [REDACTED]

[REDACTED] submitted proposals with committed financing. [REDACTED]

[REDACTED]. Both of these funding commitments were satisfactory for their bids to be considered viable.

In addition, [REDACTED] submitted initial indications of interest that were not subject to a financing contingency. Neither entity, however, submitted a final binding bid.

#### QUESTION VI.E.

- E. *On page 27 of the Joint Opposition, the Applicants state that the Final Judgment's "clustering mandate increased the scale and cost of the asset groupings, making acquisition even less feasible for potential buyers without substantial resources."*
1. *Did Verizon Wireless or Morgan Stanley discuss with potential bidders that Verizon Wireless favored bids that offered to purchase all the Divested Assets? If yes, explain your answer, provide specific details, and provide copies of any documents reflecting this preference.*

#### RESPONSE TO QUESTION VI.E.1.:

Morgan Stanley, as directed by Verizon Wireless, indicated to all bidders (in the final round procedures letter, dated January 13<sup>th</sup> and attached at Exhibit VI.A.1.) that Verizon Wireless' objectives were (i) to realize the highest possible value, (ii) to maximize certainty of closing given the deadlines and process requirements imposed by the Department of Justice, and (iii) to consummate any such transactions expeditiously. Neither Morgan Stanley nor Verizon Wireless told bidders that Verizon Wireless favored bids that offered to purchase all of the Divested Assets. As expressly indicated in the First Round Procedures Letter (attached as Exhibit VI.A.1.), Verizon Wireless was open to proposals for the divestiture properties in their entirety, on a multi-state basis, or for individual clusters, so long as they satisfied the three objectives cited above.

2. *By cluster, identify the regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups that submitted bids, including consideration offered to purchase the Divested Assets.*

#### RESPONSE TO QUESTION VI.E.2.:

See Exhibit VI.E.2. for a list of the entities that submitted a second round bid, the cluster(s) they bid on and the consideration they offered. These bidders also submitted non-binding indications of interest in the first round of the process. Only Atlantic Tele-Network and [REDACTED] provided binding, fully-committed proposals to acquire any of the divestiture assets.

3. *Would any of these bids, either alone or in combination, have yielded a higher purchase price for Verizon Wireless for the Divested Assets? If so, explain in detail the deficiencies of each bid.*

**RESPONSE TO QUESTION VI.E.3.:**

No combination of binding, fully-financed bids would have yielded a higher purchase price for the Divestiture Assets. [REDACTED]

4. *Identify the final bidders and describe their offers.*

**RESPONSE TO QUESTION VI.E.4.:**

Besides AT&T, only two other bidders, Atlantic Tele-Network and [REDACTED] provided binding, fully-financed proposals to acquire any of the divestiture assets. Atlantic Tele-Network and [REDACTED] proposed to acquire the divestiture assets not included in the sale to AT&T for [REDACTED] and [REDACTED], respectively.

5. *Explain in detail why AT&T's bid was chosen over other final bids.*

**RESPONSE TO QUESTION VI.E.5.:**

AT&T's proposal represented the only binding fully-financed bid for the divestiture assets that were covered by AT&T's proposal. Verizon Wireless and Morgan Stanley therefore believed that the proposed transaction with AT&T was the only option available that would permit Verizon Wireless to meet the requirements of the Department of Justice and the FCC pertaining to this subset of the divestiture assets and satisfy the limited timeframe established by those agencies for identifying a qualified buyer. No other bidder submitted a binding fully financed proposal for the divestiture assets contained in AT&T's bid.

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*See, e.g.,* [REDACTED]

[REDACTED] all attached at Exhibit

VI.B.4.

6. *Was AT&T treated in any way differently by either Verizon Wireless or Morgan Stanley, either before or during the duration of the bidding process, than other bidders? If yes, please explain.*

**RESPONSE TO QUESTION VI.E.6.:**

No. Morgan Stanley, as directed by Verizon Wireless, made every effort to treat all bidders equally in the sale process. The only exceptions were made to assist minority-owned bidders and the regional consortium, specifically [REDACTED]

[REDACTED] Unlike these entities, AT&T was not afforded any special treatment.

7. *Was AT&T's bid given any special preference in light of the fact that Verizon Wireless has entered into an agreement with AT&T to purchase certain Centennial assets? Explain your answer.*

**RESPONSE TO QUESTION VI.E.7.:**

No. At AT&T's request, Verizon Wireless considered and expressed an interest in certain Centennial properties that AT&T considered highly likely to become required divestiture assets as part of regulatory approvals for their pending acquisition of Centennial. However, no special consideration or preference was given to AT&T's bid as a result. The two transaction agreements are not linked and neither transaction is contingent upon the regulatory approval or closing of the other.

8. *Provide a copy of all the requirements for bidders to participate in the bidding process.*

**RESPONSE TO QUESTION VI.E.8.:**

The only documents responsive to this request are the Preliminary Overview of Divestiture Markets and the Bid Procedure Letters attached at Exhibit VI.A.1.

9. *Provide a copy of all documents submitted by AT&T in the bidding process.*

**RESPONSE TO QUESTION VI.E.9.:**

Documents responsive to this request are attached at Exhibit VI.E.9. For purposes of responding to this question, Verizon Wireless is defining the bidding process as ending when it accepted AT&T's bid for the Divestiture Assets and began to engage in final stage negotiations with that

party on a definitive set of agreements. Accordingly, drafts of those final agreements are not being provided. The final purchase agreement itself is being provided in Exhibit VI.E.10.

10. *Provide a copy of all the agreements AT&T and Verizon Wireless entered into regarding the proposed transaction to purchase the Divested Assets.*

**RESPONSE TO QUESTION VI.E.10.:**

Documents responsive to this request are attached at Exhibit VI.E.10. Pursuant to an agreement with the Bureau staff, exhibits and schedules to the purchase agreement are not being produced.

**VIII. Questions for Verizon Wireless Regarding Roaming**

**QUESTION VIII.1.**

1. *If AT&T plans to transition the Divestiture CDMA Network to a GSM network and Verizon Wireless will be the only CDMA roaming option in a CMA, will Verizon Wireless enter into roaming agreements with all the carriers previously on the Divestiture CDMA Network? If yes, will it provide the same roaming services, and will the roaming conditions, including rates and other terms, be comparable to the current roaming conditions found in these carriers' roaming agreements involving the Divestiture CDMA Network?*

**RESPONSE TO QUESTION VIII.1.:**

Verizon Wireless cannot speculate on AT&T's transition plans or its longer term intentions to continue to operate the divested CDMA network. However, to the extent that a wireless carrier had a CDMA roaming agreement with Alltel, Verizon Wireless has agreed, as a condition to the FCC order approving the Alltel transaction, to honor the rates, terms and conditions in that roaming agreement. Verizon Wireless will continue to offer comparable service quality on its existing CDMA network in the Divestiture Markets and provide CDMA roaming service in compliance with the Commission's roaming rules.

**QUESTION VIII.2.**

2. *Please respond to the request by Cox Communications on page 9 of its reply comments that the Commission "permit potential roaming partners to opt into any Verizon Wireless or ALLTEL CDMA roaming agreement for any area where Verizon Wireless is the sole CDMA roaming option."*

**RESPONSE TO QUESTION VIII.2.:**

Cox's proposed condition is defective as a legal and policy matter and should be summarily dismissed. At its foundation, Cox's proposed condition relates not to the transaction under review, but rather to the Verizon Wireless/ALLTEL transaction which was long ago granted, closed and consummated. Cox's proposal is either an untimely petition for reconsideration barred by Section 405 of the Communications Act or totally lacking in any connection to the transaction under review.

To the extent Cox identifies a competitive harm its proposed condition is intended to remedy, it must arise from the Verizon Wireless/ALLTEL transaction. But the transaction under review – a transfer from a divestiture trustee to AT&T – will have no impact on the markets in which Verizon Wireless is the sole CDMA roaming option. If Cox is concerned about a reduction of CDMA roaming options, it should have raised its objections when the Commission was reviewing the Verizon Wireless/ALLTEL transaction or, at the very latest, sought reconsideration of the *Verizon Wireless/Alltel Merger Order* where the Commission reviewed the competitive impact of the transaction and found it, with conditions articulated in the *Order*, to be in the public interest. Under Section 405 of the Communications Act, Cox had thirty days from public notice of Commission approval of the Verizon Wireless/ALLTEL transaction to file a petition for reconsideration. 47 U.S.C. § 405 (“A petition for reconsideration must be filed within thirty days from the date upon which public notice is given of the order, decision, report, or action complained of.”) Having failed to timely file for reconsideration, Cox is barred from doing so now.

Emphasizing the point that the proposed condition pertains to the Verizon Wireless/ALLTEL deal, the condition by its terms would apply to markets that are not even implicated by the transaction under review. As Cox would have it, the Commission should impose new roaming obligations on Verizon Wireless even in markets where no licenses or assets are changing hands. Where a market is not touched by the proposed transfer of licenses from a divestiture trustee to AT&T, there can be no competitive harm that would warrant a remedy.

In markets actually involved in the transaction under review, there is no impact on competition, meaning again that there is no harm to be remedied by Cox's proposed condition. Cox ignores the nature of the transaction under review – a Commission-ordered divestiture. As a seller being required to divest markets, the post-divestiture Verizon Wireless will be no differently situated as a competitor than the pre-merger Verizon Wireless. The assets in a divestiture market that Verizon Wireless would have acquired as a result of the ALLTEL merger are being acquired, instead, by AT&T. Verizon Wireless' competitive position in such a market is no different than it would have been had the merger not occurred at all. Under these circumstances, there can be no competitive harm and no basis for imposing any conditions on Verizon Wireless' continued operations in the market.<sup>24</sup> Accordingly, the Commission should reject Cox's proposed condition.

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<sup>24</sup> See *Verizon Wireless/ALLTEL Merger Order*, 23 FCC Rcd at 17525 (¶ 180) (declining to impose proposed roaming conditions because they do not remedy harms that arise from the transaction).



**QUESTION VIII.3.**

3. *Please identify providers of CDMA roaming services (by CMA) in each of the Divestiture Markets.*

**RESPONSE TO QUESTION VIII.3.:**

Besides Verizon Wireless – which provides CDMA roaming services in every Divestiture Market CMA – the response to Question III.3. (provided in AT&T's submission) identifies additional CDMA carriers by CMA. Based on Technical Data Sheets exchanged between CDMA carriers, each of these carriers provides CDMA roaming services.

**IX. Data Request**

**QUESTION IX.**

*Please provide the total number of Trust subscribers in CMA491 Minnesota 10 – Le Sueur as of December 31, 2008.*

**RESPONSE TO QUESTION IX:**

██████

*REDACTED – FOR PUBLIC INSPECTION*

[REDACTED]

Bates Nos. VZW.ATT.FCC.V.B.1.00000001 -  
VZW.ATT.FCC.VI.E.10.00002122